

H-3105-1 - COOPERATIVE CONSERVATION PROVISIONS

KeywordsI. Approved Unit AgreementAPPROVED UNIT
AGREEMENTA. General

This section of the Handbook provides guidelines and procedures for adjudicative actions, including records notation and lease serial register page/case abstract updates in the ALMRS Case Recordation, on leases affected by the approval of a unit, or a late or subsequent joinder of a lease to a unit, segregations of leases committed in part to a unit, and extensions of segregated leases. (See Anne Burnett Tandy, et al., 33 IBLA 106 (1977) for a good history of unitization.)

For any lease segregated as a result of commitment in part to a unit, if the public interest requirement is not satisfied for the unit, i.e., if actual drilling operations are not commenced and diligently prosecuted in accordance with the terms of the unit agreement, the lease segregation shall be declared invalid. Further, the lease segregation shall be conditioned to state that no operations shall be approved on the segregated portion of the lease past the expiration date of the original lease until the public interest requirement for the unit has been satisfied. (See 43 CFR 3107.3-2.) Also, any lease extension resulting from the lease segregation is invalid if the public requirement is not met. (See also Manual Sections 3105.1 and 3107.4. See Section III.B, below, for action on leases committed to such agreements.)

Any suspension of operations and/or production granted to a lease committed to a unit agreement would remain valid only for the period preceding invalidation of the unit, i.e., the lease suspension shall terminate as of the date the unit is declared invalid, unless continuation of the suspension is justified to the BLM authorized officer on a lease basis.

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B. Action on Leases Within Approved Unit Area

Responsible Official	Step	Action	Keywords
Field Office Operations	1.	Approve and serialize unit agreement and input in ALMRS Case Recordation in accordance with the current data standards.	UNIT APPROVAL
	2.	Send copies to the SO fluid lease adjudication of the unit approval transmittal letter; Exhibit A, a map showing the area; and Exhibit B, Schedule of Leases, showing a description of the lands in leases in the unit area. Formats for the unit agreement and its exhibits are found at 43 CFR 3186.1 through 3186.1-2. Ensure that the unit approval transmittal letter provides the effective date of the unit agreement and other basic information, such as the type of unit (exploratory or secondary recovery), an indication of whether oil or gas has been discovered in the unit area, the formations unitized, a list of the Federal leases within the approved unit area, indicating which leases are to be segregated, and a listing of the committed and uncommitted leases. For examples of the transmittal letters and Exhibit B, see Illustrations 1, 2, and 3.	UNIT AGREEMENT AND EXHIBITS TRANSMITTAL LETTER INFORMATION
<p><u>NOTE:</u> After September 30, 1991, the the agreement case abstract that has been entered into Case Recordation, is to be used in place of the older Exhibit B, Schedule of Leases, format. The use of this automated Exhibit B from the General Remarks area of the Case Recordation agreement case abstract applies to all references to Exhibit B in this Handbook text.</p>			

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	3.	Indicate in the transmittal letter that no leases are to be horizontally segregated. Generally, it is most undesirable for leases to be segregated horizontally. The authorized officer (AO) for fluid mineral operations is not to approve a unit creating such segregations unless the AO is fully satisfied that such a segregation is determined to be in the best interests of the United States, such as a unit designed solely to develop already-established shallow oil sands where the geologic knowledge demonstrates that there are much deeper gas reserves that could not be anticipated to intermingle with the shallow oil.	HORIZONTAL SEGREGATIONS NOT IN PUBLIC INTEREST
	3a.	If horizontal segregations of leases are determined to be in the best interests of the United States and are authorized, the transmittal letter shall indicate clearly all leases to be so segregated, in addition to any vertical segregations, and shall detail the specific reasons for such horizontal segregations.	
	4.	Advise the SO fluid lease adjudication whether any committed leases in the unit are continued solely by production from wells on, or allocated to, any of the leases on the effective date of the unit agreement, and whether such production is allocated to the unitized or nonunitized lands, or to both.	PRE-EXISTING PRODUCTION
Adjudication <i>inc. dcm</i>	5.	<u>OPTIONAL</u> : Establish a unit work folder labeled with unit name, unit serial number, and unit effective date.	UNIT WORK FILE CREATED IN ADJUDICATION
	6.	Order from Docket the lease case files appearing in the transmittal letter.	
Docket	7.	Charge case files to Adjudication.	

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Adjudication	8.	Review case files to ensure that all pending lease assignments are processed to completion promptly, with approval given, if appropriate. (See Handbook 3106-1 for processing assignments.) Act with priority on such assignments, before processing any other pending assignments, to ensure that changes in the lease record title do not adversely affect commitment status of the lease to the unit that the AO for fluid mineral operations relied upon in approving the unit agreement.	PROCESS PENDING ASSIGNMENTS
	9.	If possible, examine leases with pending assignments prior to approval of the unit agreement by the AO for fluid mineral operations. To avoid problems with any such assignments and lease commitment status, review the accuracy of Exhibit B prior to approval of the unit. Use Case Recordation to determine if any assignments have been filed and are pending approval. If assignments are pending, coordinate closely with the Field Office fluid mineral operations, with expeditious processing of such assignments, to ensure that the commitment status of the leases involved in the unit is accurate prior to approval of the unit agreement.	
	10.	If assignments are pending on leases to be segregated, and the assignments can be approved with an effective date prior to or simultaneous with the unit effective date, process them at this time, before the lease segregation is processed under Step I.B.19, below.	

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Depending on the date the assignment was executed and the date the joinder of the lease to the unit was executed by the assignor/assignee, leases believed by the AO to be committed or uncommitted for unit control purposes may, in fact, be the opposite. While an increase in commitment status has a positive effect, a decrease in the amount of acreage in the lease committed to the unit could raise an issue of whether the unit should have been initially approved.

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| 11. | Do not approve an assignment that will reduce the commitment status of any lease to a unit without first consulting with the AO for fluid mineral operations. Although the effect on commitment status is not grounds to disapprove the assignment, the parties may be willing to take appropriate action, such as withdrawing the assignment or executing a subsequent joinder to correct the commitment status. | LEASE
COMMITMENT
STATUS |
|-----|---|-------------------------------|

If the assignor executed a joinder prior to executing the assignment, the assignor's act is binding on the assignee, and the lease interest assigned will be considered committed even if the assignee has not formally committed its lease interests to the unit.

An assignment executed prior to execution of the unit joinder, however, even if filed subsequently with BLM, will exempt the lease interest assigned from commitment to the unit.

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	11c.	A lease interest assigned to an assignee after the assignor's execution of a joinder, regardless of when the assignment is filed with the BLM or is effective, is committed to the unit if the assignment is executed prior to the effective date of the unit.	
	12.	Determine if any unleased Federal lands are located in the unit area. All such unleased lands are to be indicated on Exhibit B at the end of the Federal leases listed (see Illustration 3).	UNLEASED FEDERAL LANDS
	13.	Notify the SO fluid lease adjudication personnel responsible for preparing the competitive parcels and sale notice to ensure that the required notice to join the unit is attached to all such sale parcels for unleased Federal lands described in the sale notice, and that leases for these lands are not issued without the required unit joinder (see Handbook 3120-1).	
		Transmit Exhibit A to Title Records for entry of unit area on the oil and gas plat or other appropriate status records.	EXHIBIT A UNIT AREA MAP
Title Records	15.	Enter unit area on oil and gas plat or other appropriate status records.	
Adjudication	16.	Check information on Exhibit B against the lease case file data. Check only the legal land description and lease effective date. The AO approving the unit agreement is responsible for the accuracy of Exhibit B; therefore, do not check the lessee and/or working interest owner information shown on Exhibit B. In checking Exhibit B, note each Federal lease (either on the exhibit or by separate listing) as falling in one of the following categories (see Step I.B.18, below, for further discussion of these categories):	EXHIBIT B SCHEDULE OF LEASES

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Entirely committed;

Entirely within the unit area
but not committed;16c. Partially within the unit area
but not committed; or

16d. Committed in part.

17. Determine if any leases or lands not indicated on Exhibits A and B are in the unit area, or if any Federal oil and gas interests in the unit area are not properly indicated on Exhibits A and B. If so, notify Field Office fluid mineral operations to resolve any problems. Such verification can be made from a copy of the noted plat or other appropriate status records from Title Records.

18. Document the case files of committed leases by placing copies of the unit transmittal letter in each lease case file. Note the lease case files appropriately from the information appearing on the transmittal letter and Exhibit B, and as confirmed above:	ACTION ON CASE FILES
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18a. <u>ENTIRELY COMMITTED</u> - (<u>OPTIONAL</u> : Stamp outside of case file: "COMMITTED TO <u>(Name)</u> UNIT AGREEMENT. EFFECTIVE: <u>(Date)</u> .")	LEASE ENTIRELY COMMITTED TO UNIT
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NOTE: "Entirely committed" leases are those leases fully or effectively committed to the unit agreement, as defined in Handbook 3180-1, Section II.U, when all of the lands in the lease are within the unit area

<u>ENTIRELY WITHIN UNIT AREA BUT NOT COMMITTED</u> - No action required. (<u>OPTIONAL</u> : Stamp outside of case file: "ALL IN <u>(Name)</u> UNIT AREA, BUT NOT COMMITTED.")	LEASE ALL WITHIN/ NOT COMMITTED TO UNIT
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*On a unit basis -
EC means all interest
held by unit ORR
"all" "all" "all"
"all" "all" "all"
"all" "all" "all"*

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	18c.	<u>PARTIALLY WITHIN UNIT AREA BUT NOT COMMITTED</u> - No action required. The lease is not segregated. (<u>OPTIONAL</u> : Stamp outside of case file: "PART IN <u>(Name)</u> UNIT, BUT NOT COMMITTED.")	LEASE PARTIALLY WITHIN/ NOT COMMITTED TO UNIT
		<u>NOTE</u> : "Not committed" leases are those leases partially committed or not committed to the unit agreement, as defined in Handbook 3180-1, Section II.U.	
	18d.	<u>COMMITTED IN PART</u> - Lease is segregated. (<u>OPTIONAL</u> : Stamp outside of unitized base lease case file: "COMMITTED TO <u>(Name)</u> UNIT AGREEMENT. EFF: <u>(Date)</u> .") (Also <u>OPTIONAL</u> : Stamp: " <u>SEGREGATED - SEE (Segregated lease serial number)</u> ." See Step I.B.20, below, concerning the lease serial number.	LEASE COMMITTED IN PART TO UNIT
	18e.	Note that a lease "committed in part" has part of the lands fully or effectively committed to the unit agreement, as defined in Handbook 3180-1, Section II.U. Such a lease contains lands both within and outside the unit area. Leases "committed in part" are not "partially committed" leases as described in Handbook 3180-1, Section II.U. Leases "partially committed" are those where the ownership commitment status is not complete due to the failure of all appropriate interest holders to commit their interests to the unit agreement and operating agreement. "Partially committed" leases are considered "not committed" even though the degree of ownership commitment allows actions on the leasehold, such as drilling or production to inure to the benefit of fully or effectively committed unit leases.	

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		Segregate leases "committed in part" into two leases, one for the lands in the unit area (base lease) and another separate lease for those lands not in the unit area (segregated lease). The effective date of lease segregation is the same date as the effective date of the unit approval or the effective date of subsequent joinder. The process is described in Steps I.B.21 through 41, below.	SEGREGATE LEASES FULLY OR EFFECTIVELY COMMITTED TO UNIT SEGREGATION EFFECTIVE DATE
		Request a new lease serial number and case file jacket. The nonunitized lands are segregated from the unitized lands into a new, separate lease. To provide consistency Bureauwide, and to alleviate confusion in present and future actions relating to the two leases, assign the new serial number to the segregated (nonunitized) lease, with the base (unitized) lease to retain its original serial number (see Appendix 1), unless a producing well is located on the segregated lease, in which case the new serial number needs to be assigned to the base (unitized) lease.	NEW SERIAL NUMBER/CASE FILE
	21.	Transfer any well information on the lands in the segregated lease to the new case file. Require a new bond for the new, segregated lease if a bond is required for the new lease and the individual lease bond cannot be transferred from the base lease because an unplugged well exists on the base lease. If the bond is transferred to the new lease, i.e., coverage is by an individual lease bond, ensure that both the principal and surety are notified of this change.	BOND REQUIREMENT

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22. Identify other pertinent documents in the base case file to be copied for the new case file (any documents affecting the lands in the new lease, i.e., lease and terms, stipulations, ownership status, known geological structure (KGS) notices, accounting advices, rental rate increases, etc.).

23. If the rental of the base lease had been increased due to a KGS classification, check whether either the base or segregated lease will no longer contain any lands classified as KGS. If so, reduce the rental in the affected lease to the appropriate rate (based on rate stated in lease form of base lease) and indicate such a reduction in the segregation decision (see Illustration 4; the rental rate reduction information should be indicated after the example paragraphs in the decision).	RENTAL REDUCTION FOR LEASE CONTAINING NO KGS LANDS
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NOTE: The lessee is to be advised of the rental rate reduction due to the lands no longer being in a KGS, even if the lease is already subject to a rental rate reduction under a Secretary of the Interior rental rate reduction initially announced October 24, 1986, and extended to certain other leases through February 29, 1996 (see Manual Section 3103.23B4 and Handbook 3103-1). In some cases, the reduced rental rate in Step I.B.23, above, may be less than the Secretary's rental rate reduction. If so, the lease is entitled to the lower rate.

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	24.	Check whether segregation of a producing lease may result in conversion of either the base lease or the segregated lease from a minimum royalty status to a rental status (when the newly segregated lease is not held by production from other leased lands). In such cases, the rental may be past due and the lessee must be requested in the segregation decision to pay to the Minerals Management Service (MMS) the amount due, within 30 days from receipt of the decision.	ADDITIONAL RENTAL REQUIRED
		<p><u>NOTE:</u> The Interior Board of Land Appeals (IBLA) has ruled that such segregated leases returning to rental status will not terminate for nonpayment of rental until the lessee has been notified of the conversion from minimum royalty (nonterminable) status to rental (terminable) status and allowed a reasonable period of time (30 days) in which to tender the rental deficiency. (See <u>Husky Oil Co.</u>, 5 IBLA 7, 79 I.D. 17 (1972).)</p>	
	25.	Determine whether the base lease or segregated lease will be extended. (See 43 CFR 3107.3-2, Manual Section 3107.32, and Handbook 3107-1.) In making this determination, particularly when producing leases are involved, a review of <u>Celsius Energy Co., et al.</u> , 99 IBLA 53, 94 I.D. 394 (1987) should be made.	EXTENSIONS OF SEGREGATED LEASES
	25a.	If the fixed expiration date (a definite expiration date) of the base lease is 2 years or more from the effective date of the unit, the segregated lease is not extended. Use the first example paragraph in Illustration 4 for such a situation.	

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EXAMPLE: Lease issued 2-1-87;
expiration date of the base
lease is 1-31-97, with a
segregation effective 5-1-94.
Segregated lease receives no
extension and expiration date
will be 1-31-97.

25b. If the fixed expiration date of
the base lease is less than
2 years from the effective date
of the unit approval, the
segregated lease is extended
2 years to the same calendar date
as the effective date of unit
approval. Complete example
paragraph 2 in Illustration 4.

EXAMPLE 1: Competitive 5-year lease
issued 2-1-90; committed in
part to unit, effective
2-13-94. Segregated lease
is extended until midnight
2-13-96.

EXAMPLE 2: Noncompetitive 10-year
lease issued 7-1-83;
extended by diligent
drilling over the
expiration date of 6-30-93
to 6-30-95; committed in
part to unit effective
5-17-94; segregated lease
is extended until midnight
5-17-96.

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If the committed lease is in an indefinite extended term because of production on the base lease, the segregated lease shall continue in effect as long as the base lease exists and so long thereafter as oil or gas is produced from the segregated lease, but for not less than 2 years from the effective date of segregation. Complete example paragraphs 3 and 4 in Illustration 4. (See Beard Oil Company, et al., BLM 039507, dated May 22, 1967, in Appendix 2.)

EXAMPLE: Noncompetitive 10-year lease issued 1-1-84; production established 12-15-93 on lands now within the unit area; committed in part to new unit effective 4-27-94. Segregated lease will continue as long as the base lease continues to exist, but not less than 2 years from the effective date of segregation (4-27-96). Instances of this type need to be explained in detail in the segregation decision (see Illustration 4).

If the committed lease is in an indefinite extended term because of production on the lands in the segregated, nonunitized lease, the unitized (base) lease will continue in effect as long as the segregated lease exists, and so long thereafter as oil or gas is produced in paying quantities on the unitized (base) lease. (See Ann Guyer Lewis, 68 I.D. 180 (July 3, 1961).)

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EXAMPLE: Noncompetitive lease issued 1-1-84; production was established 12-15-82; committed in part to new unit effective 5-16-94 (production is on lands outside the unit area); base lease will continue as long as the segregated lease exists. Segregated lease will continue as long as there is production on the segregated lease, but not less than 2 years from the effective date of segregation (5-16-96). Instances of this type require detailed explanation in the segregation decision (see Illustration 4).

25e. If the committed lease is in a fixed term (has a definite expiration date that may or may not be beyond its primary term), the committed lease will continue only to the end of such term, even if there is a well capable of production on the segregated lease on the effective date of segregation. The segregated lease will continue to the end of such term (but not less than 2 years from date of segregation). Unlike committed or segregated leases that are in an extended term (continued) by reason of production, leases with a definite expiration date will continue only to that date absent a distinctly separate basis for further extension or continuance. (See Celsius Energy Co. et al., 99 IBLA 53, 94 I.D. 394 (1987).)

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EXAMPLE: Noncompetitive 10-year lease issued 4-1-83, extended by diligent drilling over 3-31-93, for 2 years ending 3-31-95; production was established 2-17-94; committed in part to unit effective 6-23-94 (production is outside unit area); base lease will continue until 3-31-95, and so long thereafter as oil or gas is produced in paying quantities from the base lease or from the unit to which it is committed. The segregated lease is extended for 2 years from the date of segregation, or until midnight 6-23-96, and so long thereafter as oil or gas is produced in paying quantities from the segregated lease.

26. Prepare segregation decision (see Illustration 4) for each lease that is committed in part. SEGREGATION
DECISION

NOTE: If the segregation and extension of leases are processed at the time the unit is approved, instead of deferring the lease segregation and extension until the terms of the agreement have been validated at a later time (i.e., the public interest requirement has been met), the segregation decision shall inform the lessee that lease segregation and extension shall be deemed invalid if the unit agreement approval is later invalidated. If a pattern of failure to meet the public interest requirement develops, the SO fluid lease adjudication may choose to defer processing the lease segregations and extensions until terms of the unit have been validated. PUBLIC
INTEREST
REQUIREMENT

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	26a.	Indicate in the decision that no operations shall be approved on the segregated lease past the expiration date of the original lease until the public interest requirement for the unit has been satisfied (see Section I.A, above).	
	27.	If the segregated lease involves lands in more than one county, include the information on the specific acreage within in each county in the decision.	
		Indicate any rental rate reduction in the segregation decision as discussed in Step I.B.23, above.	
		Provide copy of segregation decision to the MMS, Data Management Division (DMD) annotating additional information needed by the MMS-DMD.	MMS PROVIDED COPY OF SEGREGATION DECISION
	<u>NOTE:</u>	If the lease has benefited from a rental rate reduction under the Secretary of the Interior's rental reduction for certain leases that is effective through February 29, 1996, or such other date that is established by a <u>Federal Register</u> announcement, such reduced rental rate is to be annotated on the decision copy transmitted to the MMS-DMD.	
		Since the BLM and the MMS have agreed that neither office shall attempt to collect the incremental rental difference that may be caused by a lease segregation or partial assignment, annotate the copy of the decision sent to the MMS-DMD to clearly indicate: "INCREMENTAL RENTAL DIFFERENCE OF \$----, DUE TO LEASE SEGREGATION/PARTIAL ASSIGNMENT, WAIVED UNTIL NEXT MMS REGULAR BILLING CYCLE."	WAIVER OF INCREMENTAL RENTAL DIFFERENCE DUE TO LEASE SEGREGATION/PARTIAL ASSIGNMENT

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30a. The additional rental required as a result of the segregation or partial assignment shall not be due and payable to the MMS until the next scheduled MMS courtesy notice billing cycle for the involved leases.

NOTE: This waiver shall apply regardless of the additional incremental annual rental rate per acre involved, e.g., \$.50, \$1, \$1.50, \$2, \$5, \$10, etc.

If lease is committed to a producing unit, indicate on the copy of the decision sent to the MMS-DMD that the lease account must be transferred from a nonproducing (terminable) status to a producing (nonterminable) status.	LEASE ACCOUNT TRANSFERRED FROM NONPRODUCING STATUS TO PRODUCING STATUS
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32. After segregation decision is typed and appropriate documents are photocopied for new (segregated) lease case file, check documents, surname decision, and route for signing, mailing, ALMRS Entry, Title Records, and filing in Docket.

ALMRS Entry	33. For leases committed in part to the unit, enter the following, using the current data standards:	AUTOMATED NOTATION
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33a. Enter Action Date (MANDATORY ACTION CODE): Date base (committed) lease segregated (effective date of unit); DE 1775 Action Code 259/DE 2910 Action Code 700; Action Remarks: "INTO (Serial number of the new segregated lease);" (see Illustration 5).

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Change the base lease legal land description so that the serial register page indicates what lands have been segregated and are no longer within the base lease.

OPTIONAL: It is useful to enter after the segregated lands the following: "SEGR TO (Serial number of new segregated lease)," to provide an easy cross-reference to the Action Remarks, especially for leases subjected to more than one segregation.

33c. Correct the acreage remaining in the base lease.

33d. Make appropriate proprietor screen change/update if lease segregation results in a change in lessee (e.g., where two lessees have shared varying interests in portions of the original lease, but after a unit segregation, only one lessee may hold title to the base lease).

Enter the appropriate last historical production code and replace or remove current production codes from the base lease, as appropriate, if all sources of production in the base lease are transferred to the new lease as a result of the lease segregation.

34. For leases committed to a unit, enter the following, using the current data standards (see Illustration 5):	AUTOMATED NOTATION
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Enter Action Date (MANDATORY ACTION CODE): Date lease committed to unit (unit effective date or lease effective date, whichever is later); DE 1775 Action Code 226/DE 2910 Action Code 232; Action Remarks: Unit serial number and name.

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	35.	For the segregated new lease, enter the following, using the current data standards:	AUTOMATED NOTATION
		Establish the new case with the identical case type from the base lease, e.g., if the base lease is case type 31112, the new segregated lease also will be case type 31112.	
		Enter Action Date (MANDATORY ACTION CODE): Date new lease segregated from base lease (effective date of unit); DE 1775 Action Code 569/DE 2910 Action Code 209; Action Remarks: "OUT OF <u>(Serial number of base lease)</u> ;" (see Illustration 6).	
		Enter Action Date (MANDATORY ACTION CODE): Date parent lease issued (base lease case established); DE 1775 Action Code 001/DE 2910 Action Code 387.	
		Enter Action Date (MANDATORY ACTION CODE): Effective date of lease (from base lease); DE 1775 Action Code 225/DE 2910 Action Code 868.	
		Enter Action Date (MANDATORY ACTION CODE FOR ACQUIRED LANDS ONLY): Fund symbol from base lease; DE 1775 Action Code 444/DE 2910 Action Code 496; Action Remarks: Fund symbol argument code.	
	35f.	Enter Action Date (MANDATORY ACTION CODE): Royalty rate from base lease; Appropriate DE 1775 Action Code 102-109/DE 2910 Action Code 530-536 or 549.	

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35g. Enter Action Date (MANDATORY ACTION CODE); Date segregated lease expires; DE 1775/2910 Action Code 763.

Make appropriate proprietor screen change/update if lease segregation results in a change in lessee (e.g., where two lessees have shared varying interests in portions of the original lease, but one lessee may hold title to the new lease).

If all sources of production are transferred from the base lease to the new segregated lease, enter appropriate first production current and historical action codes.

Enter the land description and acreage of the new segregated lease only.

36. If the segregated lease is extended:

AUTOMATED
NOTATION

Enter Action Date (MANDATORY ACTION CODE): Date segregated lease is extended (effective date of unit); DE 1775 Action Code 258/DE 2910 Action Code 235; Action Remarks: THRU (Date to which lease extended).

Enter Action Date (MANDATORY ACTION CODE): New expiration date of lease; DE 1775/2910 Action Code 763.

37. For leases within unit agreement boundary, but not committed to unit, enter the following, using the current data standards:

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37a. Enter Action Date (MANDATORY ACTION CODE): Date lease in unit but not committed (unit effective date or lease effective date, whichever is later); DE 1775 Action Code 262/DE 2910 Action Code 233; Action Remarks: Serial number of unit agreement; General Remarks: Legal land description, if only part of lease is in unit.

When either base or new segregated lease changes from nonproducing (terminable) status to producing (nonterminable) status, enter the following:

38a. Enter Action Date (MANDATORY ACTION CODE): Date first production memorandum or other notice sent to MMS-DMD that lease changed from nonproducing status to producing status; DE 1775 Action Code 057/DE 2910 Action Code 102.

When either base or new segregated lease changes from producing (nonterminable) status to nonproducing (terminable) status, enter the following:

39a. Enter Action Date (MANDATORY ACTION CODE): Date notice sent to MMS that lease changed from producing status to nonproducing status; DE 1775/2910 Action Code 058.

Title
Records

40. Enter lease serial number for each new segregated lease, and adjust the lease lines on oil and gas plats or other appropriate status records.

Docket

41. File case file.

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KeywordsC. Late or Subsequent Joinder of a Lease to an Existing Unit

A late joinder is one that was executed by the party prior to the effective date of the unit, but that is received by the AO for fluid mineral operations after approval of the unit. Such a late joinder is effective as of the effective date of the unit.

LATE
JOINDER

A subsequent joinder is one executed by a party after the effective date of the unit and received by the AO after this date. The effective date of a subsequent joinder is as specified in the unit agreement. (See Handbook 3100-1, Glossary of Terms.) Agreements following the standard format at 43 CFR 3186.1 (Section 28) provide that the subsequent joinders are effective upon receipt by the AO. Unit agreements following an earlier version of the regulations provide that the effective date of a subsequent joinder will be the first day of the month following receipt of the necessary joinder documents by the AO. For subsequent joinder to a producing unit during the last month of a lease term, see Bruce Anderson, 30 IBLA 179 (1977), and Regional Solicitor's Opinion on Effective Date of Unit Joinders, dated May 16, 1984 (see Appendix 3). For subsequent joinder of a new lease being issued for unleased lands in the unit area, the effective date of joinder is the effective date of the lease.

SUBSEQUENT
JOINDER

For a uncommitted lease committed by late or subsequent joinder, or subsequent joinder of a new lease being issued, evidence of the late or subsequent joinder showing the serial number of lease committed and the effective date of commitment is placed in the lease case file, and the commitment status is noted on Exhibit B following Step I.B.16, above. Follow procedures in Steps I.B.18 through I.B.40, above, to indicate unit joinder in and on the case file, to segregate any lease, and to extend any segregated lease, if appropriate. However, if the lease is committed to a unit by subsequent joinder, the action date in Steps I.B.34 and I.B.37, above, is the effective date of the subsequent joinder as specified by the AO, and not the effective date of the unit or date of unit approval.